

EXCLUSIVE: Rewald-CIA Links Rev HAWAII INVESTOR

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VOLUME FOUR/NUMBER THREE

MARCH 1984

TANGLED TALE

The CIA played a devious but leading role in the rise and fall of Bishop, Baldwin

Ron Rewald's defunct consulting firm was a front in the most embarrassing tradition.

It's beginning to look like Honolulu bankruptcy trustee Thomas Hayes took on more than he bargained for when, court appointment in hand, he first strode into the offices of Bishop, Baldwin, Rewald, Dillingham & Wong, Inc.

That was early last August and Hayes' takeover of the Honolulu investment counseling firm with the staccato name capped a landslide of events that in less than a week had



Ron Rewald

toppled the company from prominence to ruin.

On July 29, a local television station aired a report that Bishop, Baldwin was under investigation by state consumer protection authorities and hinted that the firm's chairman, 43-year-old Ronald R. Rewald, may not be the classy investment wizard that most everyone thought him to be.

The next day, Rewald was found in a Waikiki hotel room with his wrists

slashed. Rushed to a hospital, he quickly recovered from what the police said was an attempted suicide.

But while Rewald was still in the hospital, the investment empire he'd formed just five years before came unglued. After a half-hearted attempt at business as usual, Rewald's partner, Sunlin "Sunny" Wong, promptly resigned as company president and declared his willingness to cooperate with any and all of the state and federal investigators suddenly gathering on Bishop, Baldwin's doorstep. The dapper, 34-year-old Wong was quickly followed in his hasty exit by many of the 30 or more attorneys, accountants and others that Bishop, Baldwin had brought on board as well-paid professional "consultants."

On August 4, a Honolulu federal court declared Bishop, Baldwin involuntarily bankrupt and froze its assets, along with those of the company's still-hospitalized leader, Ron Rewald.

Open-and-shut. The next day, Tom Hayes stepped in as Bishop, Baldwin's interim trustee and started treating the company's collapse as an open-and-shut case. Though Rewald had ordered certain records removed the day of his apparent attempted suicide, Hayes immediately announced that a quick check of the company's files revealed that over 300 investors had entrusted about \$17 million to Bishop, Baldwin and that the only sign of what had happened to their money was that it had been spent, not on the high-yielding investments that had attracted the depositors but on a cornucopia of business and personal expenses that, said Hayes, had emptied the company's coffers.

Rewald, declared Hayes to a stunned Honolulu business community, had run an elaborate scam. His words were echoed by the bankruptcy judge, who labelled



Liliuokalani Gardens. See story on page 18.

FINANCE

The long road to profits

Some Hawaii S&Ls will be a recovering from losses of the

At the end of last year, the sighs of relief were almost audible among Hawaii's savings and loan associations. For 1983 brought a none-too-soon upturn in their businesses that, it was widely supposed, also spelled a return to profitability.

But, unlike the state's major banks whose publicly owned holding companies report their profits each year, providing a window on how those institutions are doing, the S&Ls are traditionally tight-lipped about such financial details. The best indication they usually provide is the balance sheet

data that describe assets—an overview conditions, but important profit

Last year, the showed a sharp preceding two market woes ate and deposits and their funds. It was had a dismal few people out-selves knew how

With 1983's in



Continued on page 7

Rewald

Continued from page 1

Bishop, Baldwin a "Ponzi scheme" wherein investor funds were siphoned off for ulterior purposes and paid back only as necessary to keep up the pretence of legitimate investments.

To no one's surprise, Rewald was arrested on his release from the hospital on theft charges from two investors. One of them was John C. "Jack" Kindschi, a former Bishop, Baldwin consultant and close associate of Rewald's. Kindschi had been one of Rewald's first visitors in the hospital. Before he joined Bishop, Baldwin in 1981, he was the Honolulu section chief for the Central Intelligence Agency. Bishop, Baldwin's records earned Kindschi as a \$185,000 investor in the company. They also revealed that on the day of Rewald's attempted suicide he withdrew \$140,000 from his account.

Subsequent disclosures show that prior to his "retirement" from the CIA, the 56-year-old Kindschi had written personal checks to Bishop, Baldwin and three associated companies totalling about \$2,000. The checks, all in relatively small amounts, were recorded as payments for telephone bills. Similar payments were made after Kindschi joined Bishop, Baldwin by his successor as the CIA's local section chief, John Rardin.

Fanned rumors. Such revelations fanned speculation that Bishop, Baldwin had somehow been involved with the CIA. The federal bankruptcy court at first did little to squelch the rumor when, acting in the federal agency's request, it sealed many of the Bishop, Baldwin files that Rewald had first removed and after his arrest surrendered to the court. The court slapped a gag order on any discussion of the matters contained in the sealed documents, but interim trustee Hayes revealed that a letter missed in the dragnet indicated that the CIA may have halted an earlier Internal Revenue Service investigation of Bishop, Baldwin.

The letter, dated January 18, 1983, was from Ron Rewald to the CIA's John Rardin. It asked Rardin to expedite an earlier request that the CIA intercede in an IRS audit of Rewald's personal finances because they contained some relationships that he would rather not explain. What Hayes didn't see was a letter written just 10 days later by Bishop, Baldwin attorney Dana W. Smith to IRS Honolulu investigator Joseph A. Camplone. The letter confirmed that

Camplone had been instructed by higher ups in the IRS to hold off on the Rewald investigation.

Speaking with authority, however, Hayes declared that, at the most, Bishop, Baldwin and its global network of 17 offices—most of which he described as no more than "a desk and telephone"—served as innocuous mail-drops for the CIA.

Hayes hadn't changed his mind about either Rewald or his company when, in February, his office issued a voluminous report detailing Bishop, Baldwin's finances. It showed that between 1979, the company's first year of operations, and August 4, 1983, the date it was declared bankrupt, it took in a total of \$20.4 million in investments. Deducting money paid back or spent on behalf of investors, the company ended up owing more

over \$1 million spent on two ranches near Honolulu, one in Waimanalo and the other at Pupukea, and the Hawaii Polo Club, which Rewald bought two years ago.

The ranches and Polo Club were among a long list of enterprises into which the trustee's printout shows that Rewald or his firm pumped close to \$4 million. Also on the list is MotorCars Hawaii, a classic auto emporium where Rewald stabled his personal fleet of sportscars. But the report declared that none of these were valid investments. Reiterating a claim made by Hayes since August, the report concluded that Bishop, Baldwin had made no legitimate investments. It had spent all of its investors' money on indulging Ron Rewald's fancies, on giving his cronies a ready source of cash, and on providing Bishop,

of Rewald and his mysterious company.

Pieces fit. Placed against a different backdrop than the one provided by the court and trustee, the jigsaw pieces fit as they never did for the public officials. In the picture that emerges, Bishop, Baldwin's globe-girdling string of "offices" makes sense, its multi-million dollar investor "slush fund" has a more useful purpose, and the company's otherwise whimsical "investments" do produce a yield after all. And, the key to it all, the man at the center of the picture, Ron Rewald, emerges as a loyal disciple of what has been called the international cult of intelligence.

On January 30, Rewald was released from the Oahu Community Correctional Center after his family scraped together enough assets to meet his \$140,000 bail. In the preceding two months, the bail had been twice reduced from an original \$10 million. The initial amount, unprecedented in Hawaii, was set ostensibly to keep Rewald in jail where he could neither make good on his supposed suicide attempt nor skip town with the ill-gotten gains that trustee Hayes and others were claiming he had bilked from investors. Rewald is now suing Hayes for such obstructionism and other alleged offenses. But that isn't the first lawsuit he has filed since getting out of jail.

Just days after his release, Rewald sued the CIA for a whopping \$671 million. The suit charges that the federal agency was not only extensively involved in Bishop, Baldwin's activities but that the

Continued on page 8

Against a different backdrop, the jigsaw pieces fit.

than 300 of its clients \$12.6 million. And it has no funds left to repay them, unless the trustee can collect \$2.3 in overdrafts by 80 other investors or take advantage of a clause in Hawaii's bankruptcy law that makes those who take money out of a firm 90 days before its collapse put it back. The trustee is trying to recapture funds on both counts. But, so far, only ex-CIA section chief Jack Kindschi has responded. He has quietly given back the \$140,000 he took out on July 29.

Further collections are unlikely. Most of those investors who drew more out of their accounts than they put in are former consultants and others associated with Bishop, Baldwin who have had to adjust to more modest lifestyles since the firm's demise. Even so, the most that investors would get back from such repayments is about 20 cents on the dollar.

Plethora of purchases. The trustee's report makes Ron Rewald the biggest culprit in this debacle. In accounting "to the penny" what happened to the missing millions, the report says that Rewald took \$4.7 million from what it calls his "bogus investment counseling" concern and used it for "personal spending." By the trustee's reckoning, he spread money lavishly over a plethora of purchases ranging from a suit of armor to decorate his waterfront home to veterinary bills for his string of polo ponies. Included was

Baldwin's consultants jet-set careers hopping from one exotic company office to another.

There was nothing particularly new in the trustee's report; it simply documented what Hayes and others involved in picking up the Bishop, Baldwin pieces had been saying for months. The only dissent has come from Rewald and some of his former associates. Though muted by the court's gag order and fear of other repercussions, these survivors paint a far different and more sinister picture

Shipyards *Continued from page 6*

of a commercial shipyard's activity is high-tech," asserts Loui. "One modern Navy ship, with its sophisticated weapons, navigation and other systems, is the equivalent of a \$100 million high-tech company," he declares.


KEMS, Inc., a Honolulu company that specializes in electrical and electronic repairwork on ships, had developed a crew of highly trained technicians before the slump in Navy contracts. Now, it has laid off all but six of what six months ago was a 21-man crew.

Roy Yee, KEMS' president, says

that he saw the cutbacks coming and has tried to diversify into a retail marine electronics business and repairwork for fishing and pleasure boats. But the big drop in Navy work has obviously hurt. His company's former technicians have tried to find work in the local construction industry, one of the few places that some of their skills might be utilized, "but they're not hiring these days, either," says Yee. "These are specialists that, if they can't find work here, will either have to give up their skills or take them to the mainland," he laments. HI


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Reward

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company, along with two others, was specifically formed in the late 1970s on instructions from the agency. The CIA even picked Bishop, Baldwin's name, claims Reward, because the firm was intended to concentrate its "business" in the Far East, where the names Bishop, Baldwin and Dillingham—all prominent in Hawaii and other Pacific business circles—would give it credibility. Reward and his partner Sunny Wong were the only principals listed in the company's title who weren't bogus.

Reward claims that he acted as a full-time covert agent for the CIA dating back to 1977, when he moved to Hawaii from his native Wisconsin. His association with the agency goes back even further. In the mid 1960s, while a student at the Milwaukee Institute of Technology, Reward says that he was

recruited by the agency and employed part-time to spy on student activist groups at the University of Wisconsin's Madison campus. Over a nine-month period in 1967-68, Reward was paid \$120 a week for his efforts and reported the results to the CIA's Chicago office.

Breaking in. After a hiatus of several years, Reward began taking more ambitious assignments from the CIA. He worked for a sporting goods company in Milwaukee and made several buying trips to the Far East. While there, he carried out relatively minor intelligence-gathering chores for the agency and made some contacts that would later prove useful. One of the friends he cultivated was a Japanese sporting goods manufacturer whose son worked for that country's Ministry of Transport.

In 1976, Reward formed a company called CMI Investment Corp., a counseling firm that furthered his

excuse for travel. That year, the sporting goods firm he had risen to head went bankrupt and so did Reward. In the entanglement, Reward got into a scrape with Wisconsin authorities for violating the state's franchising laws. He was also concerned about post-Watergate

trustee's report, which purports through the five Honolulu bank accounts it analyzed to account for 98% of all funds flowing into Bishop, Baldwin since its inception. The report attributes only \$2,700 or so in telephone bill payments to the agency. Any other CIA contributions, if they

The CIA wanted the HSST plans and sent Reward to steal them.

Federal investigations then being made of the CIA's domestic spying operations, an activity prohibited by the agency's charter, Reward expressed his worries to his contact at the CIA's Chicago office and said he was thinking about relocating to Hawaii. The agent encouraged him to do so and gave Reward the name of the agency's man in Honolulu, chief of section Eugene J. Welsch.

After Reward, his wife and five children moved to Honolulu, Reward re-established CMI Investment, took in local real estate broker Sunny Wong as a partner and looked up Welsch. It was Welsch who gave Reward his first major assignment for the CIA.

Impressing the agency. Working with the Japanese Ministry of Transport, Japan Air Lines had developed what it called a high speed surface transportation system, or HSST for short. Using a top secret magnetic propulsion technique, the system was intended for use on trains that would carry passengers between Japan's Narita International Airport and Tokyo at speeds of close to 200 miles per hour, slicing travel time from the usual 90 to about 15 minutes. The system works, but the problem was and still is enabling passengers to ride safely at such break-neck speeds. Nevertheless, the CIA wanted the HSST plans to pass on to U.S. industry and sent Reward to steal them. Through the son of his former sporting goods contact he succeeded in doing so and the agency was impressed with his work.

Other Far Eastern assignments followed. In 1978, just before U.S. relations with the Peoples Republic of China were normalized, Reward visited mainland China under the banner of his CMI Investment Corp. He made the trip to assess trade prospects and make contacts for the CIA. Because Reward succeeded where many others had failed, he won high praise from section chief Welsch, who was about to be replaced in his Honolulu post by another agency veteran, Jack Kindschi.

Under Kindschi, Reward's involvement with the CIA moved into high gear. Late in 1978, Bishop, Baldwin was formed to spearhead two other cover operations already established at the CIA's direction, Hawaii-registered companies called H & H Enterprises and Canadian Far East Trade Corp. With Bishop, Baldwin in place, Reward's old firm, CMI Investment, was all but abandoned.

Reward says that the CIA not only gave Bishop, Baldwin its name but an operating budget of "several million" dollars to get it underway. The claim differs sharply with the bankruptcy

occurred, must have come in under the guise of investor deposits, says the report. And James Wagner, an attorney for the trustee, scoffs at that notion. To produce the amount of CIA support claimed by Reward "would require that a large portion of the investors had to be agents," he says.

Reward, who despite the massive odds against him has maintained a steely composure throughout his ordeal, is untroubled by the trustee's claims. He maintains that Hayes, who is now Bishop, Baldwin's administrator, Reynaldo Grautly, an attorney and state legislator who was named permanent trustee, and the lawyers and staff helping them are no closer to the truth today than they were in August.

Co-mingled funds. Reward says that the five Honolulu bank accounts on which Hayes and his associates base their analysis reflect only part of what were Bishop, Baldwin's real finances. Millions more, he insists, were buried in overseas accounts in which, as in the Honolulu banks, innocent investor funds were freely co-mingled with deposits from the CIA and other, not-so-innocent "investors."

Hayes acknowledges the existence of the overseas accounts, but says they are all but empty. Reward agrees, but he claims that that wasn't the case at the time of Bishop, Baldwin's collapse. He says that there was then enough money in the company's foreign accounts to repay the \$10 million that the trustee now says is owed to investors, and much more. But the funds quickly disappeared when Bishop, Baldwin's operations disintegrated, leaving a trail that grew cold while Reward sat in jail.

But evidence of these accounts and their intended use is murky, obscured by the court's order against revealing the contents of Bishop, Baldwin's still-sealed files and, if the claims of Reward and a few others are to be believed, an elaborate and well-oiled mechanism with which the CIA and others in the country's intelligence network bury their mistakes.

Characteristically, the CIA has steadfastly denied any role in and refused further comment on the Bishop, Baldwin case. Even the clear involvement of three of its former Honolulu section chiefs, Jack Kindschi and, to a lesser extent, Kindschi's predecessor Eugene Welsch and his successor John Rardin, has failed to shake the agency's policy of silence. The most that it has said came in response to Reward's recent damage suit, when a spokesman contacted at the CIA's Langley, Va. headquarters referred a questioner to the ruling

Continued on page 12

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Rewald

Continued from page 8

made last September by Bishop, Baldwin's bankruptcy judge that the company's sealed documents had no bearing in its financial affairs.

Yet the jurist concerned, veteran federal judge Martin Pence, has personally admitted that he didn't personally inspect the reams of documents before, acting on the advice of the CIA, he sealed them in August. Nor did the judge read a lengthy affidavit submitted by Rewald to explain his CIA involvement before he sealed that, too.

And Rewald hasn't had much luck in getting a rise out of his alleged former employer. A response of sorts

that did come was the reassignment by the CIA of the head of its litigation division, John Payton, to the post of assistant U.S. Attorney in Honolulu. What might otherwise seem a demotion for the agency's top lawyer indicates the importance it places on Rewald. But so far it has kept that concern to itself.

Shortly after his imprisonment, Rewald had his civil attorney, Robert A. Smith, write a letter to CIA Director William Casey asking for \$10 million in commissions that he said were due Bishop, Baldwin on an arms deal it had arranged for the agency in Taiwan.

Pandora's box. There has been no direct reply to the letter, but, if the

claim is accurate, it blows wide open a Pandora's box of covert activities that Smith's letter and a crazyquilt of other evidence indicate that Rewald and certain of his associates performed for the CIA. Those activities ranged from selling huge quantities of military hardware to such strategically touchy countries as Taiwan and India to laundering money for political leaders like Indira Gandhi and big money men like Philippine banker Enrique Zobel and the Sultan of Brunei.

It's in this shadowy context that many of the loose ends left by the trustee's explanation of Bishop, Baldwin's affairs fall into place: like the \$600,000 spent on a seemingly useless network of overseas offices;

nearly \$800,000 lavished on two Oahu ranches that were never really used; \$300,000 pumped into a Hawaii Polo Club that was about to lose its polo field; \$260,000 for a stable of ponies and show horses that were rarely ridden; and nearly \$2 million in salaries and fees paid to a small arm of investment consultants who never made an investment.

The trustee attributes this spending to Rewald's extravagance. But it would seem that a master swindler capable of bilking hundreds of investors out of \$20 million would be more frugal with his ill-gotten gain. And he would surely have taken better care of himself than nearly dying, spending six months in jail and coming

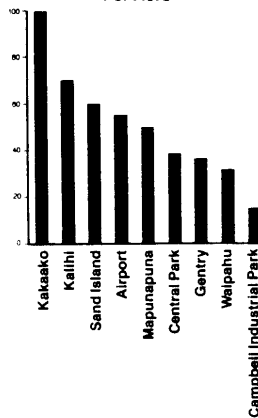
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2. "MY OVERHEAD IS 1/3 OF MY COMPETITORS' IN TOWN."

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Ingram Paper's manager, John Ricketts: "Our rent savings allow us to carry a larger inventory."

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Pacific Allied Products' president, Paul Smith: "When we needed to expand, it was an easy move right within the Park."

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3. "LOW LEASE RENT KEEPS US COST COMPETITIVE."

For a company working on close profit margins, low rent is very important. Paul Smith, president of Pacific Allied Products, has just such a company. His company is also one of the Park's oldest tenants.

out looking for work. For nowhere in the trustee's exhaustive study of Bishop, Baldwin's affairs is there the slightest hint of hidden booty for Ron Rewald. As Hayes has said from the start, "He spent all the money."

If such behavior is out of character for the super-scammer that Rewald has been made out to be, it is much more in keeping with the CIA's pattern of using private U.S. businesses and institutions as fronts for a potpourri of clandestine activities.

Nugan Hand. A case in point is the Nugan Hand Bank, whose spectacular demise four years ago is still embarrassing the CIA. The rise and fall of the Sydney-based bank bear a striking resemblance to the

rollercoaster history of Bishop, Baldwin.

Continuing investigations by an irate Australian government indicate that Nugan Hand was set up with CIA backing in 1973 to carry out an assortment of covert tasks and dirty tricks. One of them seems to have been helping to topple the Labor government of Prime Minister Gough Whitlam, who had irked Washington with his stand-offish attitude toward the U.S. Whitlam was sacked late in 1975 after a well-aimed misinformation campaign had scandalized his government. The CIA calls the technique "disinformation," which is the faking of truth with deliberate lies. Though they're not certain, the

Australians now see the CIA's imprint on what happened to Whitlam and they suspect that Nugan Hand helped launder the money that financed his fall.

Typically, the CIA's financial support of Nugan Hand Bank went little beyond providing seed money to get it started and standby funds, none of which was easily traceable. For appearance sake as well as for more practical reasons, agency fronts, called "proprietaries," are supposed to be not only self-supporting but highly profitable. Nugan Hand earned millions on illicit drug trafficking, arms deals and running a laundromat for money used for a variety of shady purposes. Part of the bank's income

went to support the "legitimate" side of its operations, paying big yields to unsuspecting investors whose funds were co-mingled with other income and high salaries and expenses to both innocent employees and covert agents who used the institution's 22-branch international network as a cover. The rest of the earnings were channeled to other CIA fronts, contributing to a vast funding network that is the backbone of the agency's global operations.

Officially, the size and budget of the CIA are limited by law and scrutinized by both the federal administration and Congress. But for years the agency has gotten around these restraints through

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lean Higher Profits ustrial Park Tenants

have to stop production periodically to load pipe and ship it out. There was no room for storage. Here we can manufacture as much pipe as necessary without unnecessary stoppage. Ample space to work also means no double handling of material."



Jorgensen Steel's Mike Durant. "We don't have to double handle materials."

5. PARK PLANNING

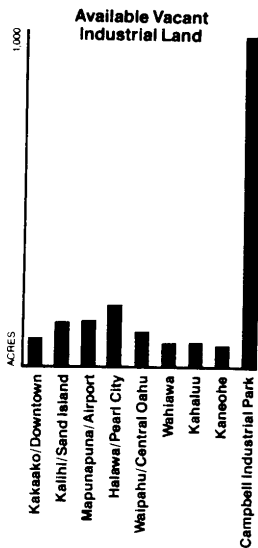
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than doubled. Mililani Town's growth has been ten times over. This illustrates a definite trend in movement to the ewa end of the island.

Government plans indicate that by the late 1980's, three out of every five new families will settle west of Aiea, generating a built-in labor force that would much rather drive to Campbell Industrial Park than battle the traffic to town.

Several thousand acres are planned for residential growth, resort development, such as the West Beach Resort, and a secondary urban center.

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CAMPBELL INDUSTRIAL PARK

7. THE WESTWARD MOVEMENT (AREA GROWTH)

From 1977 to 1980, the populations of Pearl City and Makakio have more

FINANCE

S & Ls

Continued from page 1

rates and the resulting upturn in loans and deposits, it was assumed that savings institutions' profits had benefited, though, again, few people knew how much. One of the accompanying charts (Table A) illustrates the reason for the optimism—nearly solid gains in savings, mortgage loans and assets for all of Hawaii's eight savings and loan associations.

But another chart (Table B) paints a less rosy picture. Its source is confidential, but reliable. It shows what the S & Ls don't commonly report, their profits and losses. Though the figures are now out-of-date, the most recent being for the six months ended last June, they nonetheless indicate how serious were the losses of the 1981-82 debacle and how far some institutions have to go in their climb back to profitability.

Most S & Ls contacted won't comment on how that struggle is going, other than to voice optimism based on the improved deposit and loan figures. They say that, with greater stability in interest rates and the growing acceptance of adjustable mortgage loans (AMLs) that provide the lenders with better protection against future jumps in their money costs, the profit outlook has brightened. But they won't say how much.

And they do note that they're

working hard to trim costs and keep their deposits working by pumping

them out as quickly as possible in the AMLs that all are pushing. That improves operating margins. The difference between money costs and loan income and from those come profits. "Our margins are looking better now than they have in a long time," says one S&L executive, who like others doesn't like to talk in specifics when it comes to profits.

Mortgage loan volume, all industry officials say, is the key to their industry's future, given reasonably wide and secure margins. It was a combination of squeezed margins and plummeting loans that caused the problems of 1981-82.

Most executives are guardedly hopeful about the rest of this year, even with interest rates on the climb again. The reason: Borrowers are now accustomed to higher rates and getting used to the adjustable loans. That, of course, assumes that the rates don't go through the roof. And most local lenders don't think they will, at least this year.

That's another reason for the all-out push nowadays to place mortgage loans. There is little certainty about what's going to happen to interest rates after this fall's elections. Nobody, however, is predicting that they will come down. And that could spell more trouble for industry profits, especially among those associations that are still recovering from the last slump. **HI**

TABLE A
Hawaii S&Ls Assets and Liabilities

Association	Savings		% Change
	12/31/83	12/31/82	
Honolulu Federal	\$1,167,516,000	\$1,121,605,000	+4.1
American*	753,073,000	699,864,000	+7.6
First Federal	535,565,000	465,967,000	+14.9
State*	362,729,000	325,870,000	+11.3
International	304,620,000	292,874,000	+4.0
Pioneer Federal	251,887,000	232,592,000	+8.3
Territorial	225,516,000	185,709,000	+21.4
People's	13,047,000	7,550,000	+72.8
Total	\$3,613,952,000	\$3,332,030,000	+8.5
Mortgage Loans			
Honolulu Federal	\$1,267,859,000	\$1,368,953,000	-7.4
American*	780,158,000	773,853,000	+0.8
First Federal	484,347,000	491,116,000	-1.4
State*	388,951,000	413,250,000	-5.9
International	313,874,000	298,195,000	+5.3
Pioneer Federal	303,277,000	290,989,000	+4.2
Territorial	224,075,000	237,860,000	-5.8
People's	7,895,000	4,350,000	+81.5
Total	\$3,770,436,000	\$3,878,584,000	-2.8
Assets			
Honolulu Federal	\$1,602,497,000	\$1,651,987,000	-3.0
American*	932,099,000	929,675,000	+0.3
First Federal	624,943,000	610,448,000	+2.4
State*	485,097,000	478,245,000	+1.4
International	397,068,000	387,677,000	+2.4
Pioneer Federal	362,224,000	356,128,000	+1.7
Territorial	299,680,000	285,753,000	+4.9
People's	14,103,000	9,344,000	+50.9
Total	\$4,717,711,000	\$4,709,255,000	+0.2

*Hawaii operations only.

TABLE B
Hawaii S&Ls Net Income (Loss)

Association	Six-Month Periods Ending:		
	6/30/83	6/30/82	6/30/81
Honolulu Federal	\$1,168,000	(\$7,254,000)	542,000
American*	(2,372,000)	(9,356,000)	(6,386,000)
First Federal	1,379,000	(2,650,000)	(1,224,000)
State*	(1,994,000)	(4,823,000)	(1,500,000)
International	(390,000)	(1,913,000)	(937,000)
Pioneer Federal	(1,805,000)	(1,802,000)	(935,000)
Territorial	908,000	(917,000)	(960,000)
People's	101,000	(9,000)	(7,000)
Total	(3,005,000)	(28,724,000)	(11,907,000)

*Includes both Hawaii and Utah operations.

Rewald

Continued from page 13

the use of front operations and contract agents whose existence never shows up on the official records. The dodge, paid for through and by hundreds of agency proprietors, swells the CIA's size far beyond its legal limits and makes it almost invulnerable to budgetary squalls in Washington.

Contract agents. The contract agents are a key ingredient in this huge subterranean network. They are a part-time army of amateurs who join up for the pay, the excitement, or—an argument frequently used on U.S. recruits—the patriotism. Their assignments may be innocuous or dangerous, depending on their skills and the need, and they may wait for years between jobs or be employed steadily. The contracts are recruited by control officers or other agency professionals who are likely to be, knowingly, the only regular agents they ever meet. The less its contract agents know the better, the CIA figures.

That and the usually limited amount of training they are given make the contracts a calculated risk for the agency. Though when they are given a job the agents sign a secrecy pledge, that doesn't assure their silence. As a result, part-time agents are frequently recruited from retired military careerists, especially high-ranking officers who are accustomed to handling classified information.

Nugan Hand had several former military brass working for it. One was its president, Earl P. "Buddy" Yates, a retired Navy admiral and former chief of staff for strategic planning with U.S. forces in Asia and the Pacific. Another was retired Army general Edwin F. Black, who once commanded U.S. troops in Thailand and served as Nugan Hand's representative in Hawaii. Such former professionals not only brought experience and discipline to their job, but an old-boy network of contacts that could be useful to the CIA.

Not too many contract agents, however, can bestar-studded veterans. The bulk are less seasoned and are picked for their potential. They have to prove their mettle before being given more sensitive assignments.

Frank Nugan was such a person and so was his partner, Michael Hand. Nugan was a fast-talking, good-looking Australian who moved easily in Sydney's financial circles when he met Hand there in 1970. Hand, an

American, was Nugan's antithesis, a burly, tough-talking ex-Green Beret who had already done contract work for the CIA in Southeast Asia. The pair started an investment counseling business in Sydney, specializing in advising former U.S. servicemen. Three years later, though both were just out of their 20s, they formed Nugan Hand Bank, which was quickly to become a major conduit for transporting CIA funds worldwide.

Things went smoothly for Nugan Hand for several years. Attracted by interest rates that were higher than any others around, deposits flowed into the bank by the millions. Fueled by its successful part in torpedoing the Whitlam government, the bank's covert activities also blossomed, involving it in projects all over the world.

But in the late '70s Frank Nugan ran afoul of the Australian authorities. He was accused of cheating shareholders in his family-owned food business in Sydney. There was talk of pay-offs linked to drug trafficking. The trouble didn't seem to bother the easy-going Nugan, however, except that he increased to almost daily visits to his church. And he kept on spending money at a dizzying rate, including \$500,000 to remodel his Sydney waterfront home. And on the day that he died, Nugan was completing negotiations to buy a \$2.2 million country estate.

Ignored evidence. Nugan's body was found early one morning in January, 1980. He was slumped on the front seat of his Mercedes, parked on a country road near Sydney. Nugan was shot through the head. Beside him was a rifle that was later discovered to be wiped clean of fingerprints. A coroner's jury ruled the death a suicide, dismissing police arguments that because of its angle it would have been nearly impossible for Nugan to have fired the fatal wound.

Three months later, the Nugan Hand Bank collapsed amid a barrage of official investigations that continue to this day. Depositors and investors in the bank stand to lose millions as authorities hit one blank wall after another in their search for assets. The CIA has denied any involvement in the Sydney bank and it and other U.S. agencies have been cool to the Australians' requests for help in sifting the bank's tangled affairs. The one person who might help them the most, Nugan's partner Michael Hand, disappeared shortly after Nugan's

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Rewald

Continued from page 14

death and hasn't been heard from since.

Though they've been mentioned, the similarities between Nugan Hand and Bishop, Baldwin have largely gone unnoticed since the Honolulu company's demise. The swift dismissal of a CIA connection by those in authority, the court gag order and the silence of the company's survivors,

contacts were to be used for placing orders for such sophisticated hardware as AWACs and L-1011 transport planes, part of a huge covert arms deal that Bishop, Baldwin's contract agents were negotiating with the government of India.

The transaction was being handled for Bishop, Baldwin by S. S. Pasrich, a well-connected Indian national who, acting as a company consultant, had established a New Delhi office for BBRD&W in the former Soviet

generated millions in commissions for Bishop, Baldwin, was still in the works when the company folded.

Money-laundering. As part of the arms deal, Bishop, Baldwin was to shelter funds for the Gandhi family, including kickbacks to be paid out of its commissions, and invest them in the U.S. This arrangement was one of the paramount reasons for handling the

transaction under-the-table and characterizes not only some of the CIA's money-laundering activities but its efforts to stockpile markers from key foreign leaders. The hefty commissions paid to intermediaries like Bishop, Baldwin—amounts usually built into the arms' purchase price—also provide a convenient way for suppliers to pay the bribes that are

Continued on page 16

The similarities between Nugan Hand and Bishop, Baldwin have largely gone unnoticed.

including most investors, have discouraged pursuit of the parallel. So, too, has the departure or submergence of those most directly involved in Bishop, Baldwin's covert activities.

Jack Rardin, the CIA's section chief in Honolulu during Bishop, Baldwin's final two years, quietly left his post soon after the company's collapse. An item planted recently in a *Honolulu Advertiser* gossip column revealed his re-emergence in Florida.

Multiple "retirements". Jack Kindschi, Rardin's predecessor who supposedly left the agency to become a Bishop, Baldwin consultant, has "retired" and gone to ground. This isn't Kindschi's first retirement from a CIA cover that was blown. In the early 1970s he was an executive with Robert R. Mullen & Co., a New York public-relations firm that was deeply involved in the Watergate scandal. When the firm folded, Kindschi submerged and later resurfaced as the CIA's Honolulu section chief.

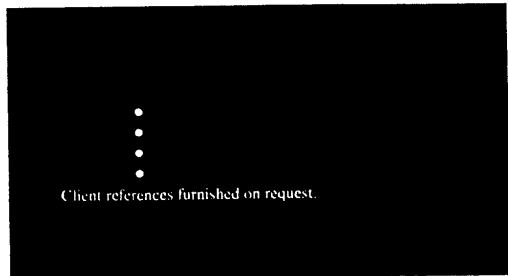
Sunny Wong, Bishop, Baldwin's former president, has similarly slipped out of sight. So has Russell Kim, another BBRD&W consultant who played a key part in the firm's Far Eastern money laundering activities. Kim is listed by the trustee as owing the company nearly \$500,000 in overwithdrawals from his investment account.

Bishop, Baldwin's contingent of former military brass was less developed than Nugan Hand's, but it was getting there. Retired four-star general Hunter Harris, once deputy-commander of the Strategic Air Command, was a sometimes BBRD&W consultant. Concern over Harris' heavy drinking and talkativeness caused Rewald to sound an alarm that cancelled a CIA-backed expedition to Laos in search of U.S. MIAs led by ex-Green Beret officer James "Bo" Gritz.

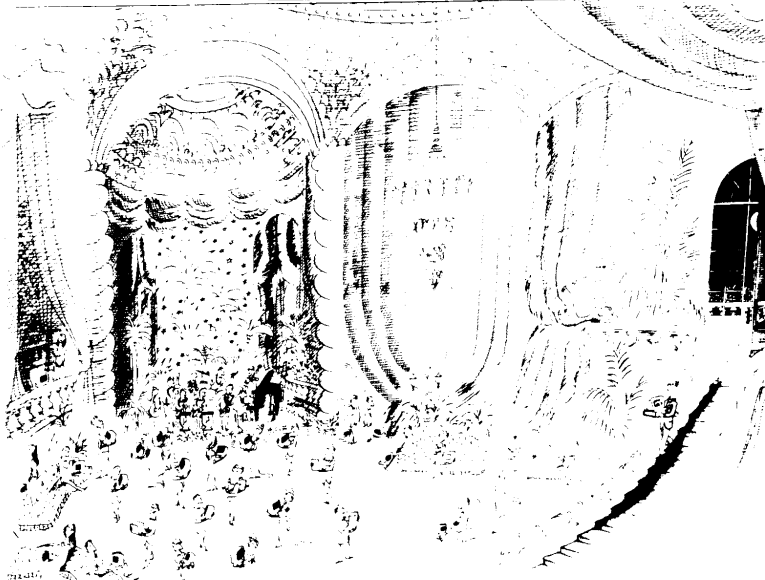
1. Gen. Arnold Braswell, who retired in September as the Air Force's Pacific commander, was an investor in BBRD&W and has admitted that he was "considering" joining the firm at the time of the collapse. Those close to the company say, however, that the association was more of a certainty than the general lets on and that he had, in fact, done some work for Bishop, Baldwin before his retirement.

General Braswell provided the company with the names, private phone numbers and introductions to three former Air Force majors who hold key positions at general U.S. aerospace manufacturers. The

embassy building. His chief contact in the talks was Rajiv Gandhi, the only surviving son and a top aide of India's prime minister, Indira Gandhi. But the big arms sale, which would have



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Rewald

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common in some parts of the world, but taboo for U.S. companies since the Lockheed scandals of a decade ago.

One arms sale that was completed before Bishop, Baldwin's collapse was the one to Taiwan on which Ron Rewald's attorney tried to collect the \$10 million commission. That sale, which involved such deadly gadgets as intra-red sights for M-16 rifles, illustrates yet another purpose of the CIA's underground arms business: the avoidance of political repercussions, in this case in the U.S.'s fragile relations with mainland China.

But all of Bishop, Baldwin's covert activities weren't to be as lucrative, at least at first. Using its impressive name and a growing list of happy investors as entres, the company made friends with a number of wealthy CIA-targeted foreigners whose benefit to the agency was to be long-range.

On the surface, BBRD&W offered them the same bait it used to lure legitimate investors, typically a 20% minimum annual return on investments that, the company claimed to some, were guaranteed by the Federal Deposit Insurance Corp. for up to \$100,000 per account. Nobody challenged the claim, which had limited use, until just before Bishop, Baldwin closed down. The insurance incentive, which was clearly beyond the FDIC's scope, was devised for certain foreign investors and there

were, in fact, funds set aside for such a purpose. The FDIC had nothing to do with Bishop, Baldwin, but the federal agency had been primed to say that it did if asked.

When the insurance claim spread beyond its intended use, the FDIC cautioned the company in a letter addressed to its Napa, Calif. office. Napa manager Robert Jinks assured the agency that the claim was employee error that wouldn't happen again and the matter was dropped.

This was last June and the error

that front.

Top of the list. At the top of the agency's target list of rich foreigners was Enrique Zobel, the Philippine financier who is reputed to be among the 10 wealthiest bankers in the world. Zobel is a long-time confidante and key backer of President Ferdinand Marcos and has powerful political and business ties around the globe. He was thus not only a good man to know for his clout in the strategically sensitive Philippines, but, properly coaxed, Zobel and his super-affluent friends could have become

Pupukea and Waimanalo. The company had agreed to buy the Pupukea property for \$3.5 million on highly leveraged terms. It had an option to buy the Waimanalo ranch for \$500,000. The arrangements enabled the company to spend most of its money on sprucing up the properties. To add to the window-dressing, and Rewald's image as an international sportsman, an additional \$260,000 in company funds was lavished on a string of 17 polo ponies and show horses.

But there was a method to this seeming madness, even though Bishop, Baldwin's trustee chalks it all up to Rewald's frivolity. The gala polo matches and the showcase ranches, as well as Rewald's fleet of fancy sportscars and high-rolling lifestyle, were really parts of an elaborate scheme to enhance Bishop, Baldwin's image of legitimacy, an image that was further fed by the fact that not more than a dozen of its 115 worldwide employees were involved in anything other than bona-fide investment and estate management work.

In his dual roles as sportsman-financier, Rewald visited Buenos Aires during the 1982 Falkland crisis. Outwardly, he was there to discuss investments and socialize with Argentine polo enthusiasts. But the real purpose of his trip was to assess for the CIA the safety of the billions that U.S. banks have loaned to Argentina. Secondly, he helped other CIA agents trace the sophisticated weaponry that the Argentines were using against the British in the Falkland war. One of the trails led to some of Bishop, Baldwin's contacts in Taiwan.

But the biggest single target of Rewald's polo ploy was Philippine banker Zobel and his global connections. Zobel provided a window on the inner workings of the Marcos regime that was unparalleled and the CIA had grown concerned about the dictator's plans. Through intermediaries, Marcos had purchased two estates in Honolulu's fashionable Makiki Heights and the agency wondered if he was planning an early retirement.

That wasn't the limit of Zobel's usefulness. With the CIA's help, Rewald was scheduled to accompany President Ronald Reagan on a visit to the Philippines last fall. Zobel had arranged for Rewald to meet privately with Marcos while he was in Manila. But Reagan's trip was cancelled and Rewald couldn't have gone by then, anyway. He was in jail.

Looming profits. When its roof fell in, Bishop, Baldwin was about to sell its interest in the Waimanalo ranch to Zobel for \$1.5 million, which would have given it a respectable 200% profit on that investment. The company's Pupukea ranch was being groomed to sell to Zobel's buddy, the Sultan of Brunei. Bishop, Baldwin figured to clear about \$1 million on that deal.

Even the Hawaii Polo Club was slated to turn a profit. Northwestern Mutual Life Insurance Co. had acquired the land under and around the Mokuleia field as part of plans to develop the area into pricey homesites. A big reason for turning the Polo Club into a showcase operation was to

Continued on page 17

As part of the arms deal, Bishop, Baldwin was to shelter funds for the Gandhi family.

symptomized a serious problem that Bishop, Baldwin was then having in controlling the growth of its investment accounts. Normal money market interest rates had fallen well below the high returns promised on the company's accounts and the firm's innocent but hard-charging consultant were straining the proprietor's cover by bringing in more investment clients than it could comfortably handle. The company was, in fact, then trying to phase out all investment accounts except those that were needed for its money-laundering activities. And the CIA was pushing for more action on

major contributors to the CIA's underground money machine.

One of those friends is the Sultan of Brunei, the supreme ruler of a tiny, oil-rich country on the northern coast of Borneo which recently gained its independence from Britain. Since one of the ways that the CIA pleases its high-placed allies among the U.S. business and political communities is by providing them with useful intelligence, the sultan was reckoned a good contact to have in keeping tabs on the oil production plans of OPEC, of which his country is a member.

The sultan also offered the agency and its business allies more tangible attractions. Brunei has a \$4.5 billion investment portfolio that before its independence was managed by the British. With independence, the purse-strings passed to the sultan. In one of the biggest banking coups in years, New York's Morgan Guaranty Bank and Citibank have replaced London's bankers as managers of the Brunei portfolio, a job which at the very least will produce about \$30 million a year in fee income.

To Bishop, Baldwin and, in particular, its silk-smooth chairman Ron Rewald goes at least part of the credit for this triumph. It came about through the sultan's close friendship with Enrique Zobel, the ties that Rewald forged with the Filipino banker, and the rabid interest all three showed in the gentlemanly sport of polo.

The polo connection. Polo was, in fact, in many ways the most successful of the fronts that Rewald ran for the CIA in Hawaii. He used the sport to give him and his associates ready access to the world's elite in an unguarded atmosphere that they might never have enjoyed as mere investment counselors.

Early in 1972, Rewald paid \$30,000 for the Hawaii Polo Club, a shoestring operation that was about to lose the use of its only tangible facility, a polo field on Oahu's north shore. But the \$30,000 was only the down-payment on a succession of related investments that were to exceed \$1.3 million. Over the next year or so, Rewald and his company poured nearly \$300,000 into the operations of the Polo Club itself, elevating its Sunday afternoon matches from sandlot status to lavish major-league events.

Closely related, about \$800,000 was spent by the company on its ranches at

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Rewald*Continued from page 16*

Ron Rewald

convince Northwestern that it should use the club as a centerpiece for its Mokuleia development. Rewald had worked out a deal with the giant insurance company to relocate the Polo Club to posh permanent facilities near its present makeshift site. The new site would have been deeded over to the club by Northwestern at no cost, giving it an asset worth close to \$3 million, Rewald figured.

While these negotiations were going on, Rewald was also using the Polo Club to cement his ties with fellow sportsman Enrique Zobel. Last June, the pair formed Ayala Hawaii Corp. for the purpose of engaging in unspecified land developments. But Ayala Hawaii, whose ownership was split 50-50 between Zobel and Rewald, actually had some very ambitious objectives.

It's namesake, Manila-based Ayala Corp., is Zobel's vehicle for a wide range of international business ventures. One of these was to be a big resort development at Soto Grande, on Spain's Costa del Sol. Zobel's friend the Sultan of Brunei was supposed to have put up \$7 million to get the project rolling and millions more were to follow. Both the money invested in Soto Grande and the profits from its sales to wealthy Europeans—an expected \$20 million or more—were to be channeled through Ayala Hawaii Corp., where the proceeds would be split between Zobel and Bishop, Baldwin. And if that venture worked successfully, other profitable partnerships were to follow.

At about this time, Rewald also formed two other joint ventures that had ulterior motives. These were called Hawaiian-Arabian Investment Co. and U.S. and United Arab Emirates Investment Co., both registered in Hawaii. These were ventures with Indri Gautama, a wealthy Indonesian, and Saud Mohammed, a crown prince of the United Arab Emirates. The companies were to be involved in investments ranging from tea plantations to resorts, but never got far off the ground.

Hong Kong project. But potentially the biggest project of all those that were nipped in the bud by Bishop, Baldwin's collapse focused on Hong

Kong, where the company had picked up the pieces left by the earlier explosion of the Nugan Hand Bank. Hong Kong was one place where the covert activities of Nugan Hand and Bishop, Baldwin didn't just run parallel, but converged. It was primarily to penetrate this market with its untold billions in the hands of nervous investors that Bishop, Baldwin was devised.

In the weeks just before it closed, Bishop, Baldwin published a handsomely bound volume entitled "Capital Flight from Hong Kong and How Hawaii Can Benefit." The 300-page study had been nearly a year in the making and purportedly had involved extensive on-the-scene research by Bishop, Baldwin consultants. Included were dozens of interviews with those who control the Crown Colony's fortunes, all conducted under Bishop, Baldwin's familiar-sounding banner and in the name of legitimate research.

The basic premise of the study, as its title implies, was that the smart money is leaving Hong Kong by the plane load in anticipation of its takeover by China—an event that's technically still 13 years away, when Britain's lease on most of the colony's real estate is due to expire. The Bishop, Baldwin report matter-of-factly accepted that this will spell the end of Hong Kong as a center of international investment and went on to describe how Hawaii can cash in on the resulting capital exodus. The real purpose of the report, however, was not to describe an event that was happening, but to help cause it.

To its chagrin, the CIA has largely been unable to penetrate China's power structure and influence its strategic decisions. In its drive for industrialization, China badly needs foreign exchange and a Hong Kong under its direct control could give it a major, established source of such currency—providing, that is, that the huge trading center maintains its

prominence in world commerce. If Hong Kong were to lose that position, it could force China to make concessions to the West it might not otherwise make. Hong Kong is thus seen by the CIA as a weak link in China's otherwise impenetrable armor. If the agency could trigger, even at this early date, a panic among the colony's already uneasy investors it might deny the Asian superpower a valuable pawn in the Third Kingdom role it's trying to play between the U.S. and the Soviet Union.

Typically, most of those consultants involved in preparing the Bishop, Baldwin study saw it as a legitimate undertaking, accepting without question the data and key contacts provided them in Hong Kong by years of CIA spadework. One of the consultants, who like most insists in anonymity, says that he thought that the Hong Kong report was aimed primarily at the Hawaii Legislature

Continued on page 18

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REAL ESTATE

DEVELOPMENT

Liliuokalani Gardens: Nothing but pleasant surprises

The new Waikiki condo pampers its buyers and their pocketbooks.

Liliuokalani Gardens, one of Waikiki's newest highrise condominiums, is designed to please its owners. The twin-tower, 382-unit project, the first major condo built under the severe restraints of the Waikiki Special Design District codes, does this with a host of amenities that range from free maid service for initial occupants to an assortment of cost-saving features geared to benefit owners for years to come.

The project sits on a 2.75-acre site fronting on Ala Wai Blvd. that is 70% devoted to open space. Befitting its name, the grounds are lushly landscaped. A tiled drive sweeps in from one side through wrought-iron gates. A similarly ornate fence encircles the entire property, enriching its elegance and oasis-like atmosphere.

But much of Liliuokalani Garden's ambiance is less obvious. It has a very practical side as well. Like washer-dryer rooms tucked away on the ground floors of its 24-story King and Queen towers where tenants can perform such menial chores while relaxing in adjoining loungers. A remote control system tells them when their washing is finished. Or, a closed-circuit TV system connected to each unit that allows occupants to check out the availability of the projects' two tennis courts without leaving their apartments. They can also get a peak at what's happening at the swimming pool, which is designed in a nearly forgotten rectangular configuration to make it easier for health-minded swimmers to negotiate their laps.

The project's mixture of studio, one-

and two-bedroom apartments are two-thirds sold. The studios went first as have the larger units with the better views of the Ala Wai and the mountains beyond. But there are still choice units left.

The studio units range in price from \$61,000 to \$99,000, depending primarily on location. Their size varies slightly from 321 to 333 square feet. There are a total of 138 studios in the project.

One-bedroom, one-bath units run from \$125,000 to \$260,000, depending on both size and location. Their area ranges from 538 to 1,081 square feet, signaling a variety of configurations.

The two-bedroom, two-bath apartments are priced from \$260,000 to \$484,000, again depending on size and location. Their liveable floorspace

runs from 907 to as much as 1,255 square feet for a few 2 1/2-bath penthouse models. Washer-dryers are included among the many built-ins in these models, but not in the others.

The units are leasehold under a 55-year lease from the site owner, the Liliuokalani Trust. Lease rent is fixed for the first 10 years and each succeeding 10 years up to 30, after which rent is renegotiated. Initial lease rent varies from \$50 a month for studio apartments to \$140 monthly for two-bedroom models. Monthly maintenance fees run from an average \$85 for studios to \$245 for the two-bedroom units.

There is a good deal about Liliuokalani Gardens, a project of veteran Island developers Hasegawa Komuten (USA), Inc., that is tailored to make life easier for owners and their association. Future operating and maintenance costs are projected carefully, even though no association has yet been formed. The developer feels that costs will stay within its projected budget. If they don't, the developer picks up the overage.

Although zoning restrictions prohibit transient rentals at the project, the management as part of its service will provide an office to handle unit rentals of a year or more. **HI**

Rewald

Continued from page 17

because of the changes in state laws it recommended to make Hawaii more attractive to overseas investors. Indeed, most of the report was devoted to describing flaws in the state's business climate and the improvements that it said are needed. But underlying the criticism was the implication that if Hawaii didn't get its act together it would miss its share of Hong Kong's hemorrhaging investment dollars.

Spark in a tinderbox. Although Bishop, Baldwin's contribution can't be proved, Hong Kong definitely experienced a major economic crisis in 1982-83 that toppled stock and real estate prices and caused a flight of investment capital. While the outflow

seems to have slowed, in part because of hasty assurances from Peking, the colony's economy remains shaken and jittery, a tinderbox that another spark like the Bishop, Baldwin study could ignite once again.

Even though the report appeared to be tailored for Hawaii consumption, its distribution reveals its true intent. Of the 800 copies printed, less than half remained in Hawaii, including about 100 that are now in the hands of the trustee. Most were distributed overseas to the financial press, investment houses and other opinion-shapers.

Since his release from prison, Ron Rewald has been busily preparing his defense against the two token theft charges on which he was jailed and other complaints that may be in the

wings. Among the many ironies in the case, Rewald has done his work in the downtown Honolulu offices of his civil attorney, Robert Smith. Next door to Smith is the office of BBRD&W administrator Tom Hayes. When

complaint has been quietly dropped.

No trials? And there is speculation that none of the charges against Rewald will ever go to trial. On the theft counts, the prospect of Rewald facing in an open courtroom his

There is speculation that none of the charges against Rewald will ever go to trial.

Hayes and Rewald meet in the hall, they don't speak.

Platoons of FBI and other agents have been using Hayes' office on and off since August to work on what may be federal charges against Rewald, even though an earlier securities fraud

former close associate Jack Kindschi, the major complainant, might produce more embarrassment than the CIA could tolerate.

In fact, everybody seems embarrassed by the Bishop, Baldwin debacle except the even-tempered Rewald. Hawaii's news media, after spotlighting the Hong Kong report when it first came out quickly condemned it when the company fell from grace. Big-league publications like *Time* and *Money* magazines jumped on the bandwagon and labelled Rewald a swindler, echoing the line that the local media had picked up from interim trustee Hayes and the courts.

But now the anti-Rewald chorus has grown silent and it may be the erstwhile financier's turn at bat. Rewald is filing lawsuits against *Time* and *Money* and against his nemesis Tom Hayes. He has even turned down an oblique payoff overture from the CIA that would have given him the \$10 million he asked for last August. That's not enough, Rewald figures, to repay Bishop, Baldwin's investors and make up for the other losses suffered. He has retained famous trial lawyer Melvin Belli to help him get a lot more in what could be a turnabout that will make his old company's cash flow look modest by comparison.

What emerges as the most intriguing

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Newsradio 99

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When You Need to Know

Rewald

Continued from page 8

aspect of Bishop, Baldwin's whole tangled tale, however, is the suddenness and completeness of the company's collapse. It left both investors and employees bewildered.

"What happened to Ron?" One brand new consultant who reported for work on August 1, the first workday following Ron Rewald's attempted suicide, recalls the confusion of that day "Everybody was guessing what had happened to Ron," he says. "We had a meeting and nobody even suggested that the company was in danger. The next day, there was almost nobody in the office and one of the older consultants suggested I go home and stay there."

A lot focuses on what happened to Ron Rewald. *A la Nugan Hand*, Bishop, Baldwin's covert activities were, as much as possible, hunted to other CIA proprietaries. The handful of agents involved either followed them or, like old pro Jack Kinsch, simply retired.

The other company activities have either quietly folded up or, as in the case of the two Oahu ranches, reverted to former owners. Enrique Zobel is still interested in buying the Waimanalo ranch, but now he wants to get it for \$1 million instead of \$1.5 million. The Hawaii Polo Club isn't having much of a season this year.

BRRD&W's trustee has given up the lease on the company's once-spacious offices in Honolulu's Grosvenor Center and sold off its furniture and equipment. A floor-to-ceiling waterfall that once decorated Rewald's private office has been donated to charity. Rewald's former waterfront residence, which he bought for \$950,000 in 1980 and figured was worth \$2.4 million, is being put up for sale at an undetermined price. So is his fleet of sportscars and his stable of polo and show horses, though the former have weathered their inactivity since July far better than the latter.

Worse-off, however, is Bishop. Baldwin's human debris. The company's 300-plus investors have been left empty-handed. Their only hope for recovering more than a fraction of their lost millions is in getting the CIA to own up to some responsibility for their predicament. The courts won't allow the investors to join in Rewald's suit against the agency. Ted Frigard, a retired chiropractor who lost \$300,000, is leading a band of them in a separate action, through Melvin Bell. So is Robert Jinks, who is the only former BRRD&W consultant who openly claims that he worked for the CIA. Jinks, a California attorney, virtually moderated the first segment of a television series being done by the British Broadcasting Corp. about Bishop, Baldwin.

Out of work. Most of the company's ex-employees are having a tough time finding work. Those who have relocated feel that they're lucky. They don't talk about their previous employer, partly because their new employers don't want them to.

Ron Rewald is one of those still looking for a job. He thought he had one lined up through Honolulu Teamsters boss Art Rutledge, but that

fell through. The other offers he's had called for use of his selling skills, but he says he's no salesman. He's not sure anybody would buy from him, anyway. Meantime, Rewald is living with friends, driving a borrowed car and mooching quarters to feed the parking meter. A year ago, he was making \$20,000 a month and expenses.

Rewald's fortune might change once again, of course, if he forces the CIA to relent. Rewald has steadfastly refused to discuss his role with the CIA, as well as the covert chores performed by his company. But his recent lawsuit against the agency and a welter of records and comments of others that have gradually surfaced sav a great deal for him. They paint Rewald as a 'all guy in the Nugan Hand tradition. The big question is, who meant him to fall?

Whose fall guy? Was it the CIA? Did it fear that a routine state investigation would blow Bishop, Baldwin's

elaborate cover and thus abandoned the company and its leader in the prescribed manner? Did the agency feel that it couldn't stop or divert state investigators where it could so easily manipulate federal probes? Are proprietary companies and their agents and victims so expendable that they are dumped no matter what the cost at the first hint of trouble? Is the CIA's skin that thick? Is it above the law?

Or was somebody else behind Rewald's downfall and the CIA forced to react to a situation suddenly sent out of control by the flood of publicity attending Rewald's apparent suicide attempt and his company's spectacular collapse? Rewald's meteoric rise and aristocratic lifestyle invited plenty of critics who were only too happy to condemn him when the roof fell in.

He may also have had some law

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Mortgage Rates *Continued from page 20*

International Savings	25%	14.30%	30 year fixed	\$171,000 max	3
	20%	11.50%	ARM	\$200,000 max	3
Pioneer Federal	20%	14%	30 year fixed	\$171,000 max	3
	20%	10.75%	1 year ARM	\$171,000 max	2
MORTGAGE COMPANIES					
Honolulu Mortgage	20%	13.1%	30 year fixed	\$171,000 max	3+
	20%	12%	1 year ARM	\$171,000 max	4
	20%	13.1%	3 year ARM	\$171,000 max	4
	20%	14.4%	5 year ARM	\$171,000 max	4
Security Pacific	20%	13.1%	30 year fixed	\$171,000 max	8
	20%	12.4%	15 year fixed	\$171,000 max	8
Shearson American	10%	13.1%	30 year fixed	\$171,000 max	2+
Express	10%	9.4%	1 year ARM		2+

Rose Cooking Show Loving with Richard Hogue Tennessee Tuxedo Woma
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Rewald*Continued from page 21*

downright enemies. Rewald kept a squad of bodyguards on his payroll and one was never far from him or his family. When he was in jail, there was a man who tried, repeatedly, to see Rewald, posing first as a minister and then as a prison guard. He was reputedly an associate of Bo Gritz who had gone on the aborted Laos mission. Acting on a tip that the man was more than he pretended, state authorities intercepted him before he could reach Rewald and deported him to the mainland.

There is a theory about Rewald's downfall that could have been lifted from a Robert Ludlum thriller. It goes like this: It was the Chinese who fingered Rewald. They wanted to discredit the Hong Kong study and figured that exposing the man behind it as a crook would do the trick. And Rewald was an easy mark. He had a lot

of critics who would believe the worst of him. A push in the right place would bring down his house of cards. The CIA would do nothing to protect him once his cover was threatened because that's its policy with contract agents. In fact, it would help discredit him by jerking what was left of his cover.

Vanished records. On a wall in Rewald's former office at Bishop, Baldwin hung two diplomas from Marquette University. Both were fakes but up until last July Rewald was carried on the Milwaukee institution's alumni roster. After July, the school told inquiring reporters that it had never heard of a Ron Rewald.

Then there was Rewald's professional football career. Though that was part of an earlier cover and seldom mentioned in Hawaii, Rewald claimed that he had once played for the Cleveland Browns, the Kansas City Chiefs and the Baltimore Colts. Media inquiries last summer produced no confirmation, though Rewald has

copies of contracts signed with all three clubs during the mid-1960s.

Other probes into Rewald's past yielded similarly damaging revelations. A purported high school coach and football coach, interviewed

records of Bishop, Baldwin's involvement in over 50 companies and partnerships have either been lost or discounted completely, just as have the records of its two dozen or more foreign bank accounts.

If the suicide attempt was a perilous fake, was it the CIA's idea or Rewald's?

by a TV reporter in Milwaukee, portrayed Rewald as a mediocre achiever who fantasized a good deal. Rewald denies knowing either the coach or the "friend."

The most damaging of all the revelations, of course, were the trustee's statements that Bishop, Baldwin had never made a legitimate investment and that Rewald had squandered millions of its funds without a thing to show for them. The

As it claims, the trustee's accounting is probably accurate as far as it goes. It will likely never be known what Bishop, Baldwin's records would have looked like prior to August 4. Possibly little different, since large quantities of cash moved in and out of its global operating accounts in mysterious ways. And there was no separate ledger kept for what was legitimate and what wasn't. The CIA doesn't observe normal accounting practices in keeping track of its investments and their returns.

Key weekend. A mystery that's even more intriguing because it seems more solvable is what happened to Ron Rewald on the end-of-July weekend that his hall of mirrors shattered. Was his supposed suicide attempt part of whatever it was that brought him down, or the cover-up that resulted?

Rewald won't say. In fact, he says even less now about the events of that Friday and Saturday than he did at the time.

A hotel employee on a routine room check found Rewald lying on the bathroom floor of Room 1632 of the Sheraton Waikiki Hotel at 4 p.m. on Saturday, July 30. There was blood spattered on the floor and fixtures of the bathroom. The shocked employee, believing Rewald might be dead, immediately left the room and summoned hotel security. When security officers arrived they found Rewald not only alive but conscious, his arms held above his head. They covered him with a blanket and called for an ambulance and the police. From a driver's license and two credit cards found in the room, a security officer identified Rewald. While waiting for the police and ambulance, the security men talked to him. Rewald told them that he wished he was dead, he said that a television report the night before about the state investigation of his company had ruined him.

When the police arrived, they too questioned Rewald. After some prodding, he said that he'd tried to kill himself. The investigating officer noted in his report that aside from the blood in the bathroom and a large stain and two blood-soaked towels on the bed, the hotel room appeared to be in order. There was no sign of a struggle. Rewald's business clothes were draped neatly over two chairs, his shoes placed side-by-side under one of them. Next to the license and credit cards stacked carefully on an adjoining table were five \$20 bills, Rewald's wristwatch, wedding band and an envelope addressed to his wife.

The envelope contained two notes written on hotel stationery in a barely legible scrawl. The notes asked for forgiveness. One said that "I started out working for our country" and

Continued on page 23

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DEPARTMENT _____	_____	OFFICE TELEPHONE _____

Bald

Continued from page 22

The envelope contained two notes written on hotel stationery in a barely legible scrawl. The notes asked for forgiveness. One said that "I started out working for our country" and concluded "it never dawned on me that I would be left alone and unprotected."

The only other item found in the hotel room that didn't belong there was a cartridge of Gillette Platinum Plus razor blades lying next to the bathroom sink. One of the blades was partially protruding from the cartridge and was stained with blood.

Doctor's theory. At Queen's Hospital in Honolulu, Rewald also told staff doctors that he had tried to kill himself. He was put in intensive care and given eight units of packed red blood cells to replace the estimated four pints of blood he had lost. There were lacerations on each of Rewald's wrists and a long gash on the inside of his left forearm. A doctor estimated that the wounds on the left wrist had occurred several hours before the others. He theorized that Rewald had inflicted the first wounds, wrapped his arm in towels, lay down on the bed and lost consciousness. He then later awakened and made the other slashes. The doctor said that before cutting himself the first time Rewald had taken about a dozen Tylenol and codeine tablets, commonly prescribed for pain relief but not in such quantity.

Although Rewald was kept under close surveillance in the hospital—common practice in suicide attempts—the staff psychiatrist who attended him reported that from the beginning Rewald denied any further suicidal intent. In fact, the patient's spirits as well as health appeared to improve rapidly. Though he knew it would mean his immediate arrest, Rewald chose to be released from the hospital rather than being admitted to its psychiatric ward, an alternative that was offered him.

On August 4, the same day that a federal court declared Bishop, Baldwin bankrupt, the Honolulu police closed their file on the event at the Sheraton Hotel and declared Rewald an attempted suicide.

The only evidence besides that found in the hotel room that was described in their report was the registration card for the room. The name shown on the card was Ron Imp, of a Milwaukee address. The room had been paid for in advance for one night at the time of check-in on July 29. And the payment had been in cash, which required no identification. A police handwriting expert was asked to compare the writing on the registration card with that on the two notes found in Rewald's room, but he said that the writing on the card was insufficient for a comparison. It was assumed that the "Ron Imp" who registered was really Ron Rewald using his wife's maiden name and the same address of her parents.

Big questions. What happened in the Waikiki hotel room in the as much as 24 hours that Rewald occupied it holds the riddle of his "attempted

suicide" and perhaps much more. Did Rewald act alone? The evidence indicates that he did. If he had been the intended victim of a professional killer, even one wishing to make his work appear like a suicide, the assassin or assassins would surely have been more thorough. And there was no sign of a struggle in the room.

Did Rewald intend to kill himself? For weeks after his discovery he claimed that he did. He said that he was "crushed" by the seeming personal attack of the television report revealing the state investigation of his company. But such a drastic reaction to what Rewald also described as a routine probe seems out of character for a man who has since then demonstrated superb self-control. Unless he was reacting to much more.

Between September 1982, when Rewald claims he went into semi-retirement at Bishop, Baldwin, and last July, there were occasions when Rewald expressed doubts about his support from the CIA. He worried about the agency's slowness to block the IRS's investigation of his personal taxes. And he complained that too many covert assignments were being given to his company, increasing the risk of exposure. One of Rewald's "suicide" notes spoke of being "left alone and unprotected."

Late in 1982, Rewald began to secretly record conversations between himself and those whom he felt would help prove his CIA involvement. He also started collecting a private file of similarly significant correspondence. This material now forms a key part of his defense. Some say that the material, though authentic enough, resulted from circumstances that were staged by Rewald to prove his point and is therefore misleading.

Their implication is that Rewald played a far less significant part in the CIA's use of Bishop, Baldwin than he now maintains. In short, they argue that Rewald used the CIA more than it used him and his company. A mainstay of the lawsuits by Rewald and his investors against the CIA is that the agency at least knew of Bishop, Baldwin's purloined investment accounts and is therefore responsible for them. Some of these investors are saying that they knew

about the agency, so it must have known about them and what was happening to their money. On proof of that may hang the investors' case.

Master manipulator. One of Bishop, Baldwin's unsuspecting consultants, who now says that he doesn't know what to make of Rewald, describes his ex-boss as the most disarming person he ever met. "Ron was a master of manipulation," he says. "He had an uncanny sense of people's feeling, of saying the right thing at the right time."

Was Bishop, Baldwin a CIA front that got out of control? Was it the agency, and not some more sinister force, that brought it down? And what of Rewald's "attempted suicide"? Was that the agency's idea, or his? Was it real, or was it a periously convincing ruse? Was Rewald's life-saving discovery accidental or planned?

Since that late July afternoon, Rewald has complained bitterly about the plight of his family, most of whom now live in Milwaukee. He says that their abandonment by the CIA is a major reason for his lawsuit against the agency. He says that he counted on the agency to take care of his family should anything happen to him. He had \$3 million in life insurance, but that has lapsed and it's doubtful that it would have gone to his family anyway had he died on July 30 because of Bishop, Baldwin's ensuing bankruptcy.

Rewald also professes deep concern about the welfare of Bishop, Baldwin's former investors and employees. He blames the CIA for letting them down too. Who did the letting down is, of course, what the whole sordid tale of Bishop, Baldwin is about.

One of the few ex-employees who did avoid being bruised in Bishop, Baldwin's fall was a man from Seattle who had just been hired because of some very special qualifications. On his resume, which not many saw, he described himself as a professional "intelligence officer" who among many former jobs had once been the "senior CIA representative in Moscow." He listed among his honors the Career Intelligence Medal, which had been awarded him by the Director of the Central Intelligence in May 1981 for "exceptional achievement." H

Real Estate Briefs
Continued from page 19

Kukaiiau Ranch sold

Two Montana ranching families have purchased the 12,800-acre Kukaiiau Ranch on the Big Island from Theo H. Davies & Co. for an undisclosed price. The buyers are Mr. and Mrs. Wilbur J. Halverson of Helena and Mr. and Mrs. Calvin T. Christian, of Polson, Montana.

Theo Davies had owned the Hamakua Coast ranch for 70 years, during which time it once covered 35,000 acres and was one of the world's largest ranches specializing in raising Hereford cattle, with up to 11,000 head.

The new owners said they intend to continue the operation of Kukaiiau as a working cattle ranch. Included in their purchase was the ranch's current herd of 4,000 Herefords, to which the owners have already added 35 Charolais bulls and 20 cows to being expansion of the herd. HI

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